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ABSTRACT

Policymakers and educators are taking a new look at incentives as they work to improve accountability systems. This ERIC Digest examines the role of rewards and sanctions in school reform and identifies key issues in implementing incentive systems. The new accountability is based on five components: carefully designed standards, assessments aligned to these standards, incentives, publicly reported assessment results, and professional development to enhance practitioner skills. Incentives provide the motivational fuel for change. Reward alternatives include competency-based pay and pay for performance. States typically offer rewards to schools rather than individual teachers. Sanctions applied to low-performance schools include replacing the existing management team with state appointees, or reconstituting the schools by transferring practitioners or requiring them to reapply for their positions. At present, no conclusive data show that these sanctions produce any positive motivation toward change. Teachers seem to be motivated more by the small and unmeasurable signs of individual student progress than by monetary rewards. Done well, incentives can play a useful supporting role; done carelessly, they can create dissension among teachers when schools are encouraging them to collaborate. (Contains 11 references.) (RT)

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Incentives for Accountability

By Larry Lashway

One of the first lessons learned in school is that good work will lead to gold stars, stickers, or smiley-faces. Generations of teachers have routinely—and sometimes simplistically—assumed that the right incentive will boost student motivation and performance.

Ironically, teachers have resisted attempts to link rewards or sanctions to their own performance. Although policymakers have often advocated pay for performance, classroom practitioners have argued that judging performance is inherently subjective and that teachers do not completely control student learning. Instead, they have favored a uniform salary schedule while defining *accountability* in terms of dedication and hard work.

Today, both policymakers and educators are taking a new look at incentives. State accountability systems usually include a role for rewards or sanctions, though actual implementation has been slow. Twenty states offer teachers some form of reward when achievement rises, but only one considers student performance data in teacher evaluation. In addition, fourteen states provide for the takeover or reconstitution of low-performing schools, though few have acted on this option (Ulrich Boser 2001). For their part, some teacher unions have signaled a willingness to consider adding performance factors to compensation systems (Jeff Archer 2001).

This *Digest* examines the role of rewards and sanctions in school reform and identifies key issues in implementing incentive systems.

What Role Do Incentives Play in Today's Accountability Systems?

The new accountability is based on five linked components (James Watts and others 1998). First, carefully designed *standards* set the targets for achievement, and *assessments* aligned to the standards determine how well the standards are being met. *Incentives* provide rewards or sanctions based on success in achieving the standards, while results are *publicly reported*. Finally, *professional development* enhances practitioner skills to meet program goals.

In this system, incentives provide the motivational fuel for change. Drawing on a behaviorist view that is controversial among educators but that many Americans view as common sense, accountability theorists argue that rewards and sanctions give practitioners a personal stake in the success of their students, leading them to focus their energies on that goal. Moreover, incentives give credibility to standards by backing the organization's rhetoric with tangible consequences (Larry Lashway 2001).

In practice, however, implementation has often been snagged by political resistance or practical details, and the motivational effects of incentives remain unclear, with virtually no evidence that simply dangling a few carrots or sticks in front of teachers will galvanize them into the enthusiastic pursuit of standards. In a study of North Carolina's performance-compensation system, Henry Johnson and colleagues (1999) concluded that bonuses had a positive effect as one element in a comprehensive accountability system, but were not viewed by teachers as major incentives.

How Are Rewards Provided to Teachers?

The idea of paying teachers for performance has a long and not very successful history. Despite the persistent public appeal of "merit pay," teachers continue to be paid mostly by the uniform salary schedule that recognizes only education and experience. Where merit pay has been tried, it has usually failed because of inadequate funding or because the criteria were vague or unrelated to performance (Allan Odden and Carolyn Kelley 1997).

However, advocates of standards-based accountability have argued that an information-age economy requires compensation based on demonstrated *skills* rather than narrowly defined *jobs*. Odden and Kelley note that today's teachers have to perform a variety of tasks, each of which requires special expertise, such as teaching, facilitating meetings, coaching, and assessment. Why not compensate them for their expertise in these areas?

Odden and Kelley identify two major alternatives to the traditional salary schedule. The first is *competency-based pay*, which rewards teachers for demonstrated skills in teaching, curriculum, and leadership. Some districts and states are already beginning to provide bonuses to teachers who pass the rigorous assessment of the National Board of Professional Teaching Standards. Other assessments could be based on standards set by the Interstate New Teacher Assessment and Support Consortium (INTASC).

The other alternative is *pay for performance*, which compensates teachers according to the achievement of their pupils. Pay for performance is controversial in theory and exceedingly rare in practice because it raises a host of practical and philosophical problems. A seemingly basic step such as defining "achievement" turns out to have multiple pathways, and it is even less clear how (or if) performance can be adjusted for socioeconomic factors (Charles Clotfelter and Helen Ladd 1996).

Teachers worry about fairness, arguing that achievement is affected not only by the quality of instruction but by student motivation, family support, class size, and availability of instructional resources. Therefore, pay-for-performance systems almost invariably offer money as special bonuses added to existing compensation. In addition, states typically offer rewards to *schools* rather than individual teachers (Boser).

What Incentives Are Applied to Schools?

Teaching is a collective enterprise; student performance on a fourth-grade assessment depends not just on how well the fourth-grade teacher has done, but on what has happened the three prior years. For that reason, many accountability systems focus on schools rather than individual teachers. In Kentucky, for example, schools exceeding state targets for improved performance are awarded money that can be spent as the faculty determines (Tom Willis and colleagues 1999).

Another strategy applies sanctions to schools that consistently perform at a low

level, replacing the existing management team with state appointees, or *reconstituting* the schools by transferring practitioners or requiring them to reapply for their positions. The U.S Department of Education concluded in 1998 that "there are no conclusive data demonstrating that the threat of reconstitution is an effective motivator for change" (Kathryn Doherty and Sarah Abernathy 1998). Low-performing schools may have such a long legacy of failure that simply changing the staff is inadequate.

The American Federation of Teachers (1998) has supported reconstitution when done as part of a comprehensive reform effort. The AFT cited cases such as Corpus Christi, Texas, where two-thirds of the staff in low-performing schools were transferred out (the other third had to reapply), but the schools were then given extra resources and attention. By the time of the report, nine of eleven reconstituted schools were performing at or above the statewide rate of improvement.

How Effective Are Incentive Systems?

Are incentives effective? Reward systems are new enough and scarce enough that evidence is very limited. Certainly few data point to a clear cause-and-effect relationship between teacher incentives and student performance. However, incentives may be one piece of the school-reform puzzle.

A study by the Consortium for Policy Research in Education concluded that teachers involved in some form of pay for performance appeared to have a better understanding of accountability goals and greater commitment to them than to other reform efforts (Carolyn Kelley and colleagues). In other words, incentives focused attention on the goals.

The study also found, however, that performance-based programs were less effective when the goals conflicted with other organizational values, when the bonus was too small ($600 or less), or when teachers didn't believe the money would really be forthcoming or didn't believe they could help students achieve the standards.

Others have noted that even if incentives are motivational, the effects may be perverse. For example, offering rewards to individual teachers may lead to competition at a time when schools are encouraging teachers to collaborate (Clotfelter and Ladd). Another unintended effect may be narrow teaching to the test.

Finally, while rewards undeniably influence behavior, human motivation is complex. "Expectancy" theorists point out that the actual incentive may be less important than the way people perceive it. No matter how enticing the reward, it will not motivate teachers who believe they are unable to reach the desired goal (Kelley and colleagues 2000). And while teachers certainly appreciate money, there is little evidence that it drives their behavior in the classroom. They seem more likely to be gratified by "psychic rewards" such as small but unmeasurable signs of individual student progress (Lashway).

What Are the Features of Well-Designed Incentive Systems?

With some unions now willing to explore alternative compensation systems, schools may have a rare opportunity to add performance elements to their accountability systems. Many teachers still view incentives with suspicion, however, and districts should move forward cautiously. Three guidelines are of particular importance.

First, there must be clear agreement on the desired results and how they will be measured (Clotfelter and Ladd). The goal is not to increase motivation generally but to focus energy and effort on specific outcomes (typically state-mandated standards).

Second, there are many ways of applying incentives, and districts should consider which options would work best in their situation. For example, it may be easier to begin with competency-based pay than with true performance-based compensation. Similarly, most researchers strongly recommend basing performance rewards on school rather than individual performance (Odden and Kelley; Clotfelter and Ladd). The Consortium for Policy Research in Education at the University of Wisconsin offers online resources on compensation systems that districts may find helpful (www.wcer.wisc.edu/cpre/tcomp).

Finally, rewards and sanctions do not provide the kind of silver bullet that will transform attitudes or jump-start a dysfunctional school. Ultimately, boosting student achievement requires a comprehensive approach that includes teacher development, adequate resources, and organizational support (Johnson and colleagues; American Federation of Teachers). Done well, incentives can play a useful supporting role; done carelessly, they can create dissension that diverts attention from the central goal of improving student achievement.

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